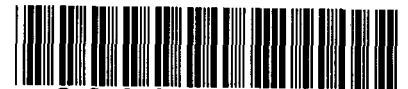


OPEN MEETING ITEM



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COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

ORIGINAL



ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

FEB 27 2007

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DATE: FEBRUARY 27, 2007

DOCKET NO: W-01445A-06-0317

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Yvette Kinsey. The recommendation has been filed in the form of an Opinion and Order on:

ARIZONA WATER COMPANY (CC&N EXTENSION)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

MARCH 8, 2007

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

MARCH 13, 2007 and MARCH 14, 2007

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Secretary's Office at (602) 542-3931.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MIKE GLEASON
6 KRISTIN K. MAYES
7 GARY PIERCE

8 IN THE MATTER OF THE APPLICATION OF
9 ARIZONA WATER COMPANY, AN ARIZONA
10 CORPORATION, TO EXTEND ITS EXISTING
11 CERTIFICATE OF CONVENIENCE AND
12 NECESSITY AT COOLIDGE, PINAL COUNTY,
13 ARIZONA

DOCKET NO. W-01445A-06-0317

DECISION NO. _____

OPINION AND ORDER

14 DATES OF HEARING: September 11, 2006 (Public Comment) and November
15 16, 2006 (Evidentiary Hearing)

16 PLACE OF HEARING: Phoenix, Arizona

17 ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey

18 APPEARANCES: Mr. Robert W. Geake, on behalf of the Arizona Water
19 Company; and

20 Mr. David Ronald, Staff Attorney and Mr. Charles
21 Haines, Staff Attorney, Legal Division, on behalf of the
22 Utilities Division of the Arizona Corporation
23 Commission.

24 **BY THE COMMISSION:**

25 On May 4, 2006, Arizona Water Company ("AWC") filed with the Arizona Corporation
26 Commission ("Commission") an application for an extension of its Certificate of Convenience and
27 Necessity ("Certificate" or "CC&N") for its Coolidge system.

28 On June 2, 2006, the Commission's Utilities Division ("Staff") filed a Sufficiency Letter in
this docket indicating that the Applicant's application had met the sufficiency requirements as outlined
in the Arizona Administrative Code ("A.A.C").

On June 6, 2006, by Procedural Order, a hearing was scheduled to commence on July 27, 2006
and other procedural deadlines were set.

On June 16, 2006, AWC filed a Motion to Continue Hearing due to witness unavailability and
stating that Staff did not oppose the continuance.

1 On June 22, 2006, Staff filed its Staff Report recommending approval of AWC's application
2 subject to compliance with certain conditions.

3 On June 23, 2006, by Procedural Order, the matter was reset to commence on September 11,
4 2006.

5 On July 18, 2006, AWC filed a letter from the Arizona State Land Department.

6 On July 19, 2006, AWC filed a Certificate of Notice of the hearing.

7 On August 10, 2006, Santa Cruz Water Company and Palo Verde Utilities Company
8 ("Global") filed a Motion to Intervene.

9 On August 15, 2006, Cardon Hiatt Company ("Cardon") filed a letter in opposition to being
10 included in AWC's CC&N in the proposed extension area.

11 On August 21, 2006, Woodruff Water Company ("Woodruff") filed a Motion to Intervene.

12 On August 25, 2006, Global filed its objection to the Staff Report.

13 On August 25, 2006, Woodruff filed its Joinder in Global's Objection to the Staff Report.

14 On August 29, 2006, AWC filed a Response in Opposition to Global's Motion to Intervene.

15 On September 5, 2006, AWC filed a Response in Opposition to Woodruff's Motion to
16 Intervene.

17 On September 5, 2006, by Procedural Order, Staff was directed to file a detailed Supplemental
18 Staff Report addressing the issues raised in Global's and Woodruff's Motions to Intervene, Global's
19 and Woodruff's Objections to the Staff Report and addressing the letter from Cardon and the State
20 Land Department's interest in being included in the extension area. The Procedural Order also
21 vacated the hearing scheduled for September 11, 2006, but reserved the date for hearing public
22 comments in this matter.

23 On September 6, 2006, Global filed a Reply in Support of its Motion to Intervene.

24 On September 11, 2006, public comment was taken in this matter and a representative from
25 Cardon appeared to answer questions based on Cardon's pre-filed public comments.

26 On September 29, 2006, Staff filed its Supplemental Staff Report addressing the issues raised
27 in the September 5, 2006 Procedural Order and recommending denial of Woodruff's and Global's
28 Motions to Intervene.

1 On October 26, 2006, by Procedural Order, Woodruff and Global's Motions to Intervene were
2 denied and the evidentiary portion of the hearing was rescheduled for November 16, 2006.

3 On November 16, 2006, a full public hearing was held before a duly authorized Administrative
4 Law Judge of the Commission at its offices in Phoenix, Arizona. AWC and Staff appeared through
5 counsel at the hearing and presented evidence and testimony. Global and Cardon appeared and
6 presented public comments in this matter. At the conclusion of the hearing, the matter was taken
7 under advisement pending the filing of late filed exhibits and submission of a Recommended Opinion
8 and Order to the Commission.

9 On December 11, 2006, AWC filed its Certificate of Filing Post Hearing Exhibits.

10 * * * * *

11 Having considered the entire record herein and being fully advised in the premises, the
12 Commission finds, concludes, and orders that:

13 **FINDINGS OF FACT**

14 1. Pursuant to authority granted by the Commission, AWC is an Arizona public service
15 corporation providing water utility service to approximately 75,000 customers in eight counties in
16 Arizona. AWC was granted its initial Certificate in Commission Decision No. 28794 (March 1955).

17 2. AWC is an Arizona Corporation, in good standing with the Commission's Corporation
18 Division.

19 3. AWC provides water utility service to customers in portions of Cochise, Coconino,
20 Gila, Maricopa, Navajo, Pima, Pinal and Yavapai Counties.¹

21 4. On May 4, 2006, AWC filed an application seeking Commission authority to extend its
22 CC&N for its Coolidge system. The requested extension area would add approximately 28 square
23 miles to AWC's existing 30 square miles of Certificated area in the City of Coolidge. The proposed
24 extension area is more fully described in Exhibit A, attached hereto and incorporated herein by
25 reference.

26 5. On July 18, 2006, AWC filed a Certificate of Filing Regarding Arizona State Land
27

28 ¹ AWC is a wholly-owned subsidiary of Utility Investment Company, which is a wholly-owned subsidiary of United Resources, Inc.

1 Department ("the Department"). In its filing, AWC stated that portions of the land included in the
2 proposed extension area is owned by the Department.

3 6. On June 22, 2006, Staff filed its Staff Report recommending approval of the
4 application subject to certain compliance requirements.

5 7. On August 10, 2006, Global filed a Motion to Intervene asserting that Global is a
6 competitor of AWC and if AWC is granted the proposed extension areas, Global would be forever
7 barred from servicing those areas.

8 8. On August 15, 2006, Cardon filed public comments in this docket stating it opposed
9 inclusion of its property in AWC's application. Cardon's letter stated that it owns approximately 720
10 acres of real property located in portions of Section(s) 19 and 30, Township 5 South, Range 8 East,
11 and is illustrated by Exhibit B, attached hereto and incorporated herein by reference. Cardon stated it
12 believed inclusion of its property in the proposed extension area was premature because development
13 is tentative, and Cardon may provide its own water and sewer service to the property when, and if, it is
14 developed. Further, Cardon stated that inclusion of its property was not in the public interest because
15 it would force acceleration of development plans and Cardon's property rights should be respected.

16 9. On August 21, 2006, Woodruff filed a Motion to Intervene stating it has property
17 contiguous to the Cardon property, and that it was engaged in discussions with Cardon to provide
18 water utility service and, if discussions resulted in an agreement, Woodruff would immediately file an
19 application to extend its CC&N to include the Cardon property.

20 10. On August 25, 2006, Global filed objections to the Staff Report.

21 11. On August 25, 2006, Woodruff filed its Joinder in Global's Objection to the Staff
22 Report.

23 12. On August 29, 2006, AWC filed its Response in Opposition to Global's Motion to
24 Intervene. In its response, AWC asserted that Global was "using this CC&N case to persuade the
25 Commission to adopt a policy to further Global's business interest elsewhere," Global was
26 "gratuitously" opposing each and every AWC filing "even though it has no facilities or present
27 planned service area such as in this case." Further, AWC asserted that, based on Global's contention
28 that it does not plan to file a competing application, "Global apparently sees itself as a self appointed

1 private attorney general, ignoring the fact that Staff will properly perform its duties in cases such as
2 this.”

3 13. On September 5, 2006, AWC filed a Response in Opposition to Woodruff’s Motion to
4 Intervene. AWC asserted Woodruff should be denied intervention because it had not shown that it is
5 “directly and substantially” affected by the proceedings. AWC further stated that Woodruff’s
6 assertion that it is engaged in discussions with Cardon is contrary to Cardon’s letter, which does not
7 mention Woodruff or any discussions Cardon has had with Woodruff, and it does not state that
8 Woodruff has any authority to make any objections or representations to the Commission on Cardon’s
9 behalf.

10 14. On September 29, 2006, Staff filed its Supplemental Staff Report addressing the issues
11 raised in the September 5, 2006 Procedural Order. Staff stated that it opposed Global and Woodruff’s
12 Motions to Intervene because neither had filed a competing application to serve the proposed
13 extension area and they did not have any requests for service in the proposed extension area. Staff
14 also stated that allowing intervention by Global or Woodruff would “set a regrettable precedent which
15 could bring the processing of this CC&N application and others to a crawl, while at the same time
16 raising costs to potential (and in some cases current) ratepayers and homeowners. . . furthermore, the
17 intervention of Global and Woodruff is unlikely to add significant relevant facts to the proceedings.”

18 15. On October 26, 2006, by Procedural Order, Woodruff and Global’s Motions to
19 Intervene were denied and Cardon’s request to have its property excluded from the proposed extension
20 area prior to hearing, was denied.

21 16. On November 16, 2006, a full public hearing was convened.

22 17. On December 11, 2006, AWC filed a Certificate of Filing Post-Hearing Exhibits.

23 **Proposed Extension Area**

24 18. The requested extension areas are comprised of land in thirty-two (32) sections
25 contiguous to AWC’s current Coolidge service territory. At hearing, AWC’s witness² indicated that
26 AWC currently has approximately 3,500 connections in its Coolidge system and 20,000 in its Casa
27

28 ² Mr. Michael Whitehead, Vice President of Engineering, testified on behalf of AWC at the hearing.

1 Grande system.

2 19. AWC's witness testified at hearing that plans for the extension areas are to build small
3 single family residential developments. (Tr. Pg. 22, lines 17-25) He further stated that because each
4 of the sections in the proposed extension areas, with the exception of those controlled by the cities of
5 Coolidge and Mesa, are relatively small, he anticipated there would be no master planned
6 communities in the proposed extension areas. (Tr. Pg. 22, lines 17-25)

7 20. At hearing, AWC's witness indicated that AWC anticipated that development in the
8 area would begin in 2007 and that AWC will serve approximately 100 new customers by the end of
9 2007.

10 21. AWC's witness also testified that he had reviewed the initial preliminary plans for
11 some of the properties in the extension areas and none of them showed a golf course or lake in the
12 plans. (Tr. Pg. 23, lines 1-4) Additionally, AWC's witness testified that AWC will act as an
13 intermediary between the City of Coolidge and developers to provide effluent in the proposed
14 extension area if it is needed. (Tr. Pg. 36, lines 1-5). Wastewater service to the proposed extension
15 area would be provided by the City of Coolidge.

16 22. In regards to Cardon's request to be excluded from the proposed extension area, the
17 Cardon property is located in portions of Sections 19 and 30, Township 5 South, Range 8 East and is
18 comprised of 720 acres that is currently being used for farming.

19 23. At hearing, Mr. Nathan Anderson provided public comments, on behalf of Cardon, and
20 stated Cardon anticipated that one day the property will be developed into a residential development,
21 but that development is not imminent at this time.

22 24. At hearing, AWC's witness testified that AWC believes it is in Cardon's best interest to
23 be included in AWC's CC&N because the Cardon property is contiguous to AWC's current
24 Certificated area. (Tr. Pg. 45, lines 1-7) Also, the witness testified that it would be operationally
25 efficient for AWC to serve Cardon because AWC has facilities in Section 29, where AWC is currently
26 serving a master-planned community called Heartland, and Section 29 is contiguous to the Cardon
27 property. (Tr. Pg. 45, lines 8-21) AWC's witness further testified that AWC has two wells and
28 pipelines in Section 29 and it would be efficient for AWC to connect Sections 19 and 30, where

1 Cardon is located. (Tr. Pg. 45, lines 22-25 and Pg. 46, lines 1-5) AWC's witness indicated that
2 although Woodruff Water Company is located near the Cardon property, Woodruff has no facilities in
3 the area at the current time. (Tr. Pg. 45, lines 6-15)

4 25. At hearing, Staff's witness indicated that although it maybe more efficient for AWC to
5 serve the Cardon property, the fact that Cardon has made some effort to be excluded from the
6 proposed CC&N area, by filing letters in the docket and providing public comment, those factors
7 should be taken into account by the Commission as to whether Cardon should or should not be
8 included. Staff's witness affirmed its recommendation from its Supplemental Staff Report that Staff
9 had no objection to the Cardon property being excluded from the proposed extension area. (Tr. Pg. 68,
10 lines 18-25)

11 26. Cardon has requested that its property be excluded from the proposed extension area.
12 Cardon has filed public comments and personally appeared to voice its opposition to being included in
13 the proposed extension area. We find that because there is no current need for water service the
14 Cardon property should be excluded from the proposed CC&N extension area.

15 **Requests for Service**

16 27. AWC provided notice of its application and the date of the hearing in this matter, by
17 publishing notice in the *Casa Grande Dispatch*, and mailing to each property owner in the proposed
18 extension a copy of such notice. At hearing, AWC's witness indicated AWC sent notice to each
19 property owner of record when AWC filed its application with the Commission to extend its CC&N.
20 AWC's witness further indicated that once the Commission set a date for hearing on the application,
21 AWC rechecked the "tax roll, [and] assessor's maps, and revise[d] the property owners list" to make
22 sure each property owner had received notice of the pending application and the date for hearing.

23 28. After hearing, AWC filed a Late-Filed exhibit, illustrating the following:

- 24 a. The owners of property located within the proposed expansion area for whom
25 the Company does not have a request for service;
26 b. The type of notice of the November 16, 2006 hearing that was mailed to each
27 property owner listed; and
28 c. What, if any, additional efforts were needed and used, via a postal trace, to send

1 the notice of hearing to the property owner.

2 29. Based on AWC's Late-Filed exhibit, for the 32 sections of land included in the
3 proposed extension area, eight (8) property owners did not receive notice due to the mail being
4 undeliverable, unable to forward or no address on file. For five of the property owners AWC's exhibit
5 shows that after AWC's initial notice mailing, new addresses were found for the property owners and
6 the notice of hearing was mailed to the new address.

7 30. We find AWC's efforts to provide notice to the property owners reasonable under the
8 specific facts and circumstances of this case.

9 31. In this application, AWC is requesting to extend its CC&N by 20,225 acres and it has a
10 request for service for 7,889 acres. Attached hereto as Exhibit C and incorporated herein by reference
11 is a map illustrating the sections of land where AWC has received requests for service.

12 32. In its application, AWC identified the property owners and the location of the
13 properties where it has a request for service as:

14 a. Rose Law Group, the representative of owners in Sections 7, 18, 19,
15 Township 5 South, Range 8 East.

16 b. Coolidge 298, the owner of approximately 296 acres in Sections 1 and
17 36, Township 6 South, Range 7 East.

18 c. United Engineering Group, owners of 1,665 acres in Sections 6 and 7,
19 Township 6 South, Range 9 East, and Section 14, Township 6 South, Range 7
20 East.

21 d. The City of Mesa, Sections 1, 12, and 13 of Township 6 South, Range 7
22 East, and Sections 2, 11, 16, 17, 19, 22 and 23 of Township 6 South, Range 8
23 East.

24 e. The City of Coolidge Sections 7, 18, 19, 30, 31 of Township 5 South,
25 Range 8 East; Section 36 of Township 5 South, Range 7 East; Sections 1, 12-14
26 of Township 6 South, Range 7 East; Sections 1, 2, 11-24 of Township 6 South,
27 Range 8 East; Sections 6,7,18,19, of Township 6 South, Range 9 East; and
28 Sections 4 and 5 of Township 6 South, Range 9 East.

1 f. Rosemeade Properties, Inc., Section 24, Township 6 South Range 8
2 East.

3 33. Additionally, AWC filed a Certificate of Filing Regarding Arizona State Land
4 Department. In its filing, AWC stated that portions of the land included in the proposed extension
5 area are owned by the Department. AWC also docketed a letter from the Department, which stated
6 the Department believes it is in its best interest to be included in a Certificated area for water delivery;
7 however, the Department wanted to remain neutral on who the water provider should be. Additionally,
8 the Department noted AWC's proposed extension area includes 2,820.82 acres of State land.

9 34. In its Supplemental Staff Report, Staff stated that because the Department had received
10 notice of the proposed inclusion of its property in the proposed extension, and it had not specifically
11 requested to be excluded from AWC's CC&N, Staff has no objection to the inclusion of the State
12 Land in the proposed extension area.

13 35. In its Staff Report, Staff noted that AWC's application covers 32 sections of land and
14 there are six sections where there are no requests for service. Staff also noted that in the sections
15 where there are no requests for service, the sections are either contiguous to AWC's current service
16 territory, or contiguous to a section for which there is a request for service.

17 36. In its Staff Report, Staff reasoned that in some cases, granting a CC&N extension for
18 areas where there are no requests for service is justified, and that this is such a case. As examples of
19 reasons to grant areas where there are no requests for service Staff noted:

- 20 a. The planning and location of mains and distribution lines for larger, contiguous
21 areas is more operationally efficient than service territory lines that skip.
- 22 b. Planning lines to turn corners or be longer than would be needed if the
23 certificated areas are not contiguous increases the cost to construct mains,
24 which is ultimately borne by the ratepayers.
- 25 c. Service territory boundaries that are relatively straight increase the ease of
26 identification and helps potential developers and potential customers more
27 easily identify the area the company serves than communicating using precise
28 legal descriptions.

1 d. Approving territory along section lines helps to avoid neighbors being served
2 by different water companies and paying different rates.

3 37. Therefore, in this case Staff recommends approval of the CC&N extension for all areas
4 requested in AWC's application.

5 38. We find Staff's recommendation regarding the requests for service in the proposed
6 extension area reasonable under the specific facts and circumstances presented in this case; however,
7 as discussed above we believe the Cardon property should be excluded from the requested CC&N
8 extension at this time. With the exception of the Cardon property, Staff's recommendations should be
9 adopted.

10 39. At hearing, AWC's witness indicated that wastewater will be provided in the proposed
11 extension area by the City of Coolidge. AWC's witness indicated that the majority of the expansion
12 area is already included in the City of Coolidge's 208 plan, and the future Coolidge 208 plan would
13 capture the balance of the extension area. The witness indicated that, once a 208 plan has been
14 established, it is likely that the City of Coolidge will provide sewer service for the remainder of the
15 proposed extension area. Staff's witness at hearing affirmed that 208 plans generally show the
16 municipalities plans to provide wastewater for a given area.

17 **Water System**

18 40. The requested extension areas are comprised of thirty-two (32) sections of land that are
19 contiguous to various portions of AWC's current service territory in its Coolidge system. At the end of
20 five years, AWC expects to serve 7,370 customers in the Coolidge system including 2,000 customers
21 in the proposed extension area.

22 41. According to Staff's Engineering Report, AWC has five wells producing 4,677 gallons
23 per minute ("GPM"), 1,766,500 gallons of storage capacity, and a distribution system serving 3,982
24 service connections as of February 2006. Staff believes based on historical growth rates, the
25 proposed extension area could grow to approximately 5,200 connections at the end of five years.

26 42. Based on the existing well production and storage capacity, Staff concludes the AWC
27 Coolidge system has the capacity to serve the existing, as well as the proposed extension areas within
28 a five year period, and can reasonably be expected to develop the needed production and storage in the

1 future.

2 43. According to AWC's application, the facilities needed to expand the water system for
3 the proposed extension area will be financed through advances in aid of construction and main
4 extension agreements.

5 44. According to Staff's Report, the Arizona Department of Environmental Quality
6 ("ADEQ"), reported AWC is currently delivering water that meets the water quality standards
7 required by the A.A.C.

8 45. Staff noted that AWC has not filed its ADEQ Certificate of Approval to Construct
9 ("ATC") for the facilities needed to serve the requested extension areas; therefore, Staff recommends
10 that AWC docket, as a compliance item, within one year of the effective date of an Order in this
11 proceeding, a copy of the first ATC for facilities needed to serve the requested areas issued by ADEQ.

12 46. On January 23, 2006, the U.S. Environmental Protection Agency ("EPA") reduced the
13 arsenic maximum containment level ("MCL") from 50 parts per billion ("ppb") to 10 ppb. According
14 to Staff's Report, the arsenic MCL in AWC's wells range from 3 ppb to 11 ppb. Staff noted that in
15 Decision No. 67518 (January 20, 2005), the Commission approved an accounting order which would
16 allow AWC to record its arsenic treatment costs for its Western Group. The Coolidge system is a part
17 of the Western Group.

18 47. At hearing, AWC's witness indicated that AWC has five wells in the City of Coolidge
19 and only one of the wells has a MCL over 10 ppb. He further stated that because that well was a small
20 producer of water, AWC plans to shut it off and use the balance of the wells to serve the proposed
21 extension areas and its existing Certificated areas.

22 48. AWC is located within the Pinal Active Management Area ("AMA") and AWC is in
23 compliance with Arizona Department of Water Resources ("ADWR") for reporting and conservation
24 requirements.

25 49. Further, Staff recommends that AWC docket as a compliance item, within one year of
26 the effective date of an Order in this matter, a copy of the first developer's Certificate of Assured
27 Water Supply ("CAWS") for the proposed extension area.

28 50. According to Staff's Report, the Utilities Division Compliance Section found no

1 outstanding compliance issues for AWC.

2 51. AWC has an approved curtailment tariff for "all service areas", which was approved in
3 Commission Decision No. 66235 (January 23, 2004).

4 52. AWC will charge its existing rates and charges on file with the Commission for its
5 Coolidge system in the proposed extension areas.

6 53. Staff recommends the Commission grant AWC's request for an extension of its CC&N,
7 subject to the following conditions:

8 a. That AWC filed with Docket Control, as a compliance item in this docket,
9 within one year of the effective date of an Order in this matter, a copy of the first ATC
10 for facilities needed to serve within the requested areas issued by ADEQ.

11 b. That AWC file with Docket Control, as a compliance item in this docket, within
12 one year of the effective date of an Order in this matter, a copy of the first developer's
13 CAWS within the requested area.

14 c. That AWC charge its authorized Coolidge system rates and charges for
15 customers within the proposed extension area, until further Order of the Commission.

16 54. Staff further recommends that the Commission's decision granting the requested
17 CC&N extension to AWC be considered null and void, after due process, if AWC fails to meet the
18 conditions outlined above, within the specified timeframes.

19 55. Because an allowance for the property tax expense is included in AWC's rates and will
20 be collected from its customers, the Commission seeks assurances from AWC that any taxes collected
21 from ratepayers have been remitted to the appropriate taxing authority. It has come to the
22 Commission's attention that a number of water companies have been unwilling or unable to fulfill
23 their obligation to pay the taxes that were collected from ratepayers, some for as many as twenty
24 years. It is reasonable, therefore, that as a preventive measure AWC shall annually file, as part of its
25 annual report, an affidavit with the Utilities Division attesting that the company is current in paying its
26 property taxes in Arizona.

27 56. In recent months, the Commission has become increasingly concerned about the
28 prolonged drought in Central Arizona. Therefore, we believe AWC should be required to conserve

1 groundwater and that AWC should be prohibited from selling groundwater for the purpose of
2 irrigating any future golf courses within the certificated expansion areas or any ornamental lakes or
3 water features located in the common areas of the proposed new developments within the certificated
4 expansion areas.

5 CONCLUSIONS OF LAW

6 1. AWC is a public service corporation within the meaning of Article XV of the Arizona
7 Constitution and A.R.S. § 40-281 *et seq.*

8 2. The Commission has jurisdiction over AWC and the subject matter of the application.

9 3. Notice of the application was provided in accordance with law.

10 4. There is a public need and necessity for water utility services in the proposed
11 extension areas, as set forth herein.

12 5. AWC is a fit and property entity to receive an extension of its water Certificate for its
13 Coolidge system.

14 6. Staff's recommendations set forth herein are reasonable and should be adopted, except
15 that the Cardon property should not be included in the proposed extension area, at this time.

16 ORDER

17 IT IS THEREFORE ORDERED that the application of Arizona Water Company for an
18 extension of its Certificate of Convenience and Necessity for its Coolidge system as described in
19 Exhibit D, attached hereto and incorporated herein by reference, is hereby approved subject to the
20 conditions and requirements recommended by Staff and outlined in the following ordering
21 paragraphs.

22 IT IS FURTHER ORDERED that Arizona Water Company shall file with Docket Control as
23 a compliance item in this docket, a copy of the first Approval to Construct for facilities needed to
24 serve the requested areas issued by the Arizona Department of Environmental Quality, within one
25 year of the effective date of this Decision.

26 IT IS FURTHER ORDERED that Arizona Water Company shall file with Docket Control as
27 a compliance item in this docket, a copy of the first developer's Certificate of Assured Water Supply
28 for the extension area, within one year of the effective date of this Decision.

1 IT IS FURTHER ORDERED that Arizona Water Company shall charge its existing rates and
2 charges currently on file with the Commission for its Coolidge system, until further Order of the
3 Commission.

4 IT IS FURTHER ORDRED that if Arizona Water Company fails to comply with the above
5 conditions with the required time-frames the Certificate of Convenience and Necessity conditionally
6 granted herein shall become null and void, after due process.

7 IT IS FURTHER ORDERED that in light of the on-going drought conditions in central
8 Arizona and the need to conserve groundwater, Arizona Water Company is prohibited from selling
9 groundwater for the purpose of irrigating any future golf courses within the certificated expansion
10 areas or any ornamental lakes or water features located in the common areas of the proposed new
11 developments within the certificated expansion areas.

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1 IT IS FURTHER ORDERED that Arizona Water Company shall annually file as part of its
2 annual report, an affidavit with the Utilities Division attesting that it is current on paying its property
3 taxes in Arizona.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6
7
8 CHAIRMAN

COMMISSIONER

9
10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this ____ day of _____, 2007.

17
18 BRIAN C. McNEIL
19 EXECUTIVE DIRECTOR

20
21 DISSENT _____

22
23 DISSENT _____

1 SERVICE LIST FOR:

ARIZONA WATER COMPANY

2 DOCKET NO.:

W-01445A-06-0317

3

4

5 Robert W. Geake
6 Arizona Water Company
7 P.O. Box 29006
Phoenix, AZ 85038-9006

8 Christopher Kempley, Chief Counsel
9 Legal Division
ARIZONA CORPORATION COMMISSION
10 1200 West Washington Street
Phoenix, AZ 85007

11 Ernest G. Johnson, Director
12 Utilities Division
ARIZONA CORPORATION COMMISSION
13 1200 West Washington
Phoenix, AZ 85007

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EXHIBIT A

EXHIBIT 1

CC&N This Application

The East half of Section 36, Township 5 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, said East half described as follows:

BEGINNING at the Northeast corner of said Section 36;

Thence S00°17'E, coincident with the East line of said Section 36, a distance of 3085.50 feet;

Thence S50°05'W, coincident with the southeasterly line of said Section 36, a distance of 3415.50 feet;

Thence N89°39'W, coincident with the South line of said Section 36, a distance of 2636.70 feet to the South quarter corner of said Section 36;

Thence N00°20'11"E, coincident with the North-South mid-section line of said Section 36, a distance of 5286.84 feet to the North quarter corner of said Section 36;

Thence S89°43'E, coincident with the North line of said Section 36, a distance of 5210.04 feet to the POINT OF BEGINNING; And

Sections 19, 30 & 31, Township 5 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; And

Sections 1, 12, 13, & 14 of Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; And

Sections 1, 2, The North half and the Southeast quarter of Section 11, 12, 13, 14, 15, 16, 17, 18, The North half and the Southeast quarter of Section 19, 20, 21, 22, 23, & 24 of Township 6 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; And

Sections 4, 5, 6, 7, 18, & 19 of Township 6 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; And

The West half of Section 7 of Township 5 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, EXCEPT any portion lying within the Gila River Indian Reservation, said West half described as follows:

BEGINNING at the Southwest corner of said Section 7,

Thence N00°25'W, coincident with the West section line of said Section 7, a distance of 3958.68 feet to a point;

Thence N89°30'E, a distance of 2655.84 feet to a point on the North-South mid-section line of said Section 7;

Thence S00°23'17"E, coincident with said North-South mid-section line, a distance of 3965.63 feet to the South quarter corner of said Section 7;

Thence S89°39'W, coincident with the South line of said Section 7, a distance of 2,653.86 feet to the POINT OF BEGINNING; And

The North half and the Southwest quarter of Section 18 of Township 5 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

EXCEPT any portion located in Carter Water Company's Certificate of Convenience and Necessity described as follows:

The East half of the Southwest quarter of Section 12, Township 6 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; AND

Beginning at the Southwest corner of Section 7, Township 6 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Thence South 89 degrees 50 minutes East, a distance of 581.90 feet;

Thence North 20 degrees 16 minutes East, a distance of 400.42 feet;

Thence North 00 degrees 41 minutes East, a distance of 2264.00 feet;

Thence North 01 degrees 48 minutes East, a distance of 410.46 feet;

Thence North 00 degrees 00 minutes East, a distance of 386.50 feet;

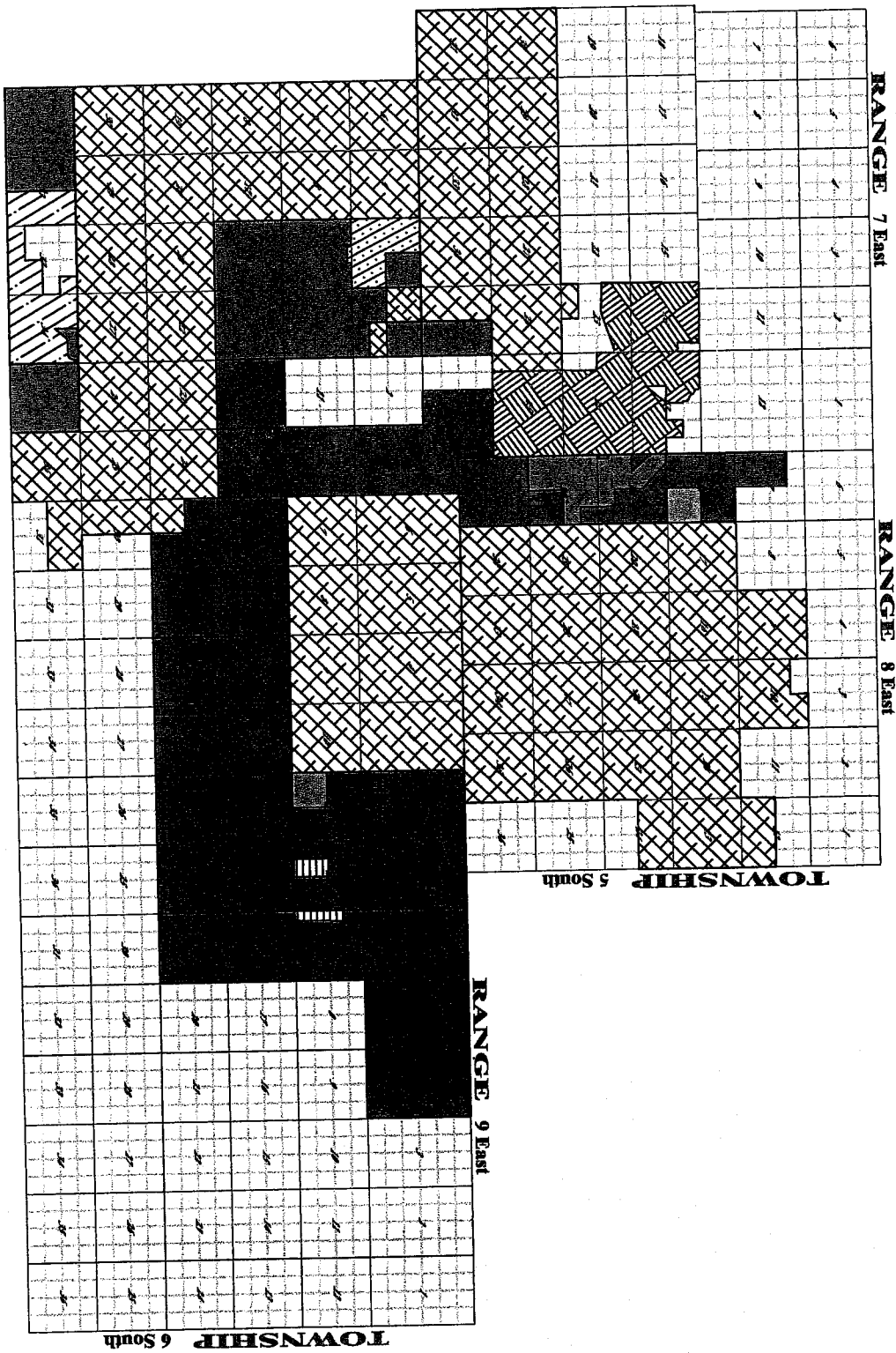
Thence North 09 degrees 32 minutes East, a distance of 353.73 feet;

Thence North 90 degrees 00 minutes West, a distance of 815.91 feet;

Thence South 00 degrees 03 minutes West, a distance of 3783.40 feet to the Point Of Beginning.

ARIZONA WATER COMPANY - COOLIDGE SYSTEM

PINAL COUNTY












-  W-1445
Arizona Water Company
-  W-2721
Carter Water Company
-  W-3528
Plecho Water Company
-  W-2109
Signal Peak Water Company, Inc.
-  W-4264
Woodruff Water Company, Inc.
- 
Arizona Water Company
Docket No. W-01445A-05-0389
- 
Arizona Water Company
Docket No. W-01445A-06-0059
- 
Arizona Water Company
Docket No. W-01445A-06-0317
-  (1)
Arizona Water Company
Docket No. W-01445A-06-0317
Carbon Property to be Excluded

EXHIBIT C

ATTACHMENT 1

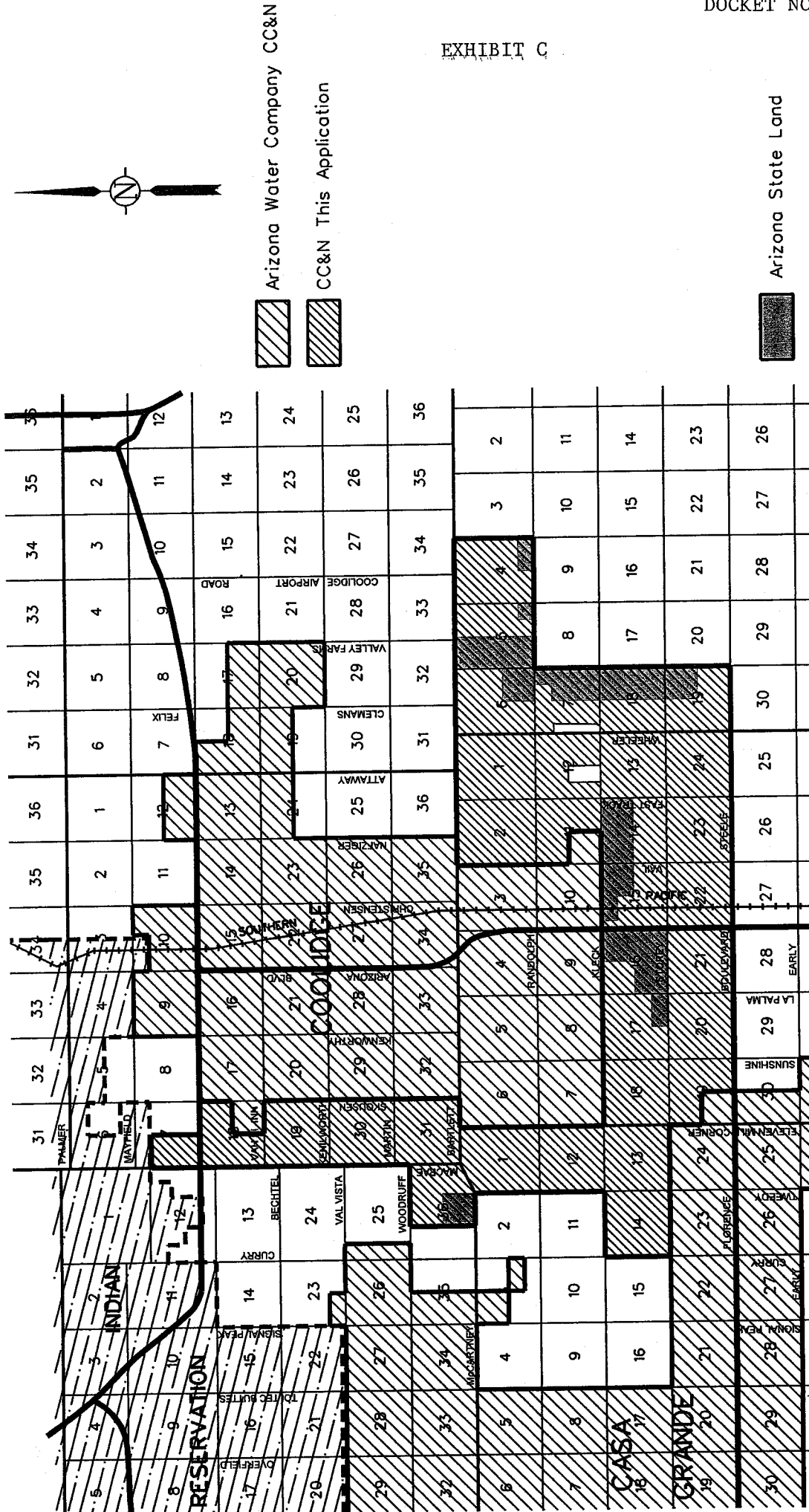


EXHIBIT D

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-06-0317
AMENDED LEGAL DESCRIPTION

Township 5 South, Range 7 East

The East half of Section 36, Township 5 South, Range 7 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona; said East half described as follows:

BEGINNING at the Northeast corner of said Section 36;

THENCE S 00° 17' E, coincident with the East line of said Section 36, a distance of 3085.50 feet;

THENCE S 50° 05' W, coincident with the southeasterly line of said Section 36, a distance of 3415.50 feet;

THENCE N 89° 39' W, coincident with the South line of said Section 36, a distance of 2636.70 feet to the South quarter corner of said Section 36;

THENCE N 00° 20' 11" E, coincident with the North-South mid-section line of said Section 36, a distance of 5286.84 feet to the North quarter corner of said Section 36;

THENCE S 89° 43' E, coincident with the North line of said Section 36, a distance of 5210.04 feet to the POINT OF BEGINNING.

Township 5 South, Range 8 East

The North half and the Southwest quarter of Section 18
Section 31

The West half of Section 7, EXCEPT any portion lying within the Gila River Indian Reservation, said West half described as follows:

BEGINNING at the Southwest corner of said Section 7;

THENCE N 00° 25' W, coincident with the West section line of said Section 7, a distance of 3958.68 feet to a point;

THENCE N 89° 30' E, a distance of 2655.84 feet to a point on the North-South mid-section line of said Section 7;

THENCE S 00° 23' 17" E, coincident with said North-South mid-section line, a distance of 3965.63 feet to the South quarter corner of said Section 7;

THENCE S 89° 39' W, coincident with the South line of said Section 7, a distance of 2653.86 feet to the POINT OF BEGINNING.

Sections 19 & 30, EXCEPT the following described parcels:

PARCEL NO. 1

Lots 1 and 2 (the West half of the Northwest quarter) and the East half of the Northwest quarter of said Section 19, EXCEPT

BEGINNING at the West quarter corner of said Section 19;

THENCE North 00° 06' West along the West line of said Section 19, a distance of 1500.12 feet to a point;

THENCE in a Southeasterly direction to a point on the East-West mid-section line, a distance of 1330.00 feet from the center of said Section 19;

THENCE South 89° 48' 36" West along said East-West mid-section line, a distance of 1335.43 feet to the POINT OF BEGINNING; and EXCEPT

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-06-0317

BEGINNING at the North quarter corner of said Section 19;
THENCE South $00^{\circ} 03' 32''$ West along the North-South mid-section line, a distance of 1794.80 feet to a point;
THENCE in a Northwesterly direction to a point on the North line of said Section 19, a distance of 662.80 feet from the Northwest corner of said Section 19;
THENCE South $89^{\circ} 52' 15''$ East along said North line, a distance of 2030.00 feet to the POINT OF BEGINNING.

PARCEL NO. 2

The Southwest quarter of the Southeast quarter of said Section 19.

PARCEL NO. 3

That portion of the Northeast quarter of the Southwest quarter of Section 19 lying Northeast of a line beginning at the Northwest corner of said Northeast quarter of the Southwest quarter and extending in a direct line to the Southeast corner of said Northeast quarter of the Southwest quarter.

PARCEL NO. 4

Lots 3 and 4 (the West half of the Southwest quarter) and the East half of the Southwest quarter of Section 19, EXCEPT

That portion of the Northeast quarter of the Southwest quarter of said Section 19 lying Northeast of a line beginning at the Northwest corner of said Northeast quarter of the Southwest quarter and extending in a direct line to the Southeast corner of said Northeast quarter of the Southwest quarter; and EXCEPT

The West 270 feet of the South 860 feet, EXCEPT that portion described as follows:

COMMENCING at the Southwest corner of said Section 19;
THENCE in an Easterly direction along the South line of said Section 19, a distance of 270 feet;
THENCE in a Northerly direction parallel to the West line of said Section 19, a distance of 105 feet to the POINT OF BEGINNING;
THENCE in a Westerly direction parallel to the South line of said Section 19, a distance of 110 feet;
THENCE in a Northerly direction parallel to the West line of said Section 19, a distance of 40 feet;
THENCE in a Southeasterly direction, a distance of 111.80 feet to a point on the East line of said West 270 feet, which is 20 feet Northerly of the Point of Beginning;
THENCE in a Southerly direction along the East line, a distance of 20.00 feet to the POINT OF BEGINNING.

PARCEL NO. 5

Lots 1 and 2 (the West half of the Northwest quarter) and the East half of the Northwest quarter of Section 30.

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DOCKET NO. W-01445A-06-0317

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EXCEPT one half of all oil, gas and/or other hydrocarbon substances as reserved in Deed recorded in Docket 171, page 165, records of Pinal County, Arizona.

PARCEL NO. 6

The West half of the Northeast quarter and the Southeast quarter of the Northeast quarter of Section 30.

EXCEPT one half of all oil, gas and/or other hydrocarbon substances as reserved in Deed recorded in Docket 171, page 165, records of Pinal County, Arizona.

PARCEL NO. 7

Lots 3 and 4 (the West half of the Southwest quarter) and the East half of the Southwest quarter of Section 30.

EXCEPT one half of all oil, gas and/or other hydrocarbon substances as reserved in Deed recorded in Docket 171, page 165, records of Pinal County, Arizona.

Township 6 South, Range 7 East

Sections 1, 12, 13 & 14

Township 6 South, Range 8 East

Sections 1, 2, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23 & 24

The North half and the Southeast quarter of Section 11

Section 12, EXCEPT the East half of the Southwest quarter (certificated to Carter Water Company)

The North half and the Southeast quarter of Section 19

Township 6 South, Range 9 East

Sections 4, 5, 6, 18 & 19

Section 7, EXCEPT the following, which is certificated to Carter Water Company:

BEGINNING at the Southwest corner of said Section 7;
THENCE S 89° 50' E, a distance of 581.90 feet;
THENCE N 20° 16' E, a distance of 400.42 feet;
THENCE N 00° 41' E, a distance of 2264.00 feet;
THENCE N 01° 48' E, a distance of 410.46 feet;
THENCE N 00° 00' E, a distance of 386.50 feet;
THENCE N 09° 32' E, a distance of 353.73 feet;
THENCE N 90° 00' W, a distance of 815.91 feet;
THENCE S 00° 03' W, a distance of 3783.40 feet to the POINT OF
BEGINNING.